

## **FISCAL NOTE**

### **HB 2598 – SB 2688**

February 16, 2006

**SUMMARY OF BILL:** Excludes from the definition of “business” as it applies to sales and use tax the sale of tangible personal property of any type sold directly to consumers by volunteer fire departments (VFD) whenever the sales occur during a temporary sales period and occur no more frequently than four (4) times per calendar year.

#### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues – Exceeds \$30,000**

**Decrease Local Govt. Revenues – Exceeds \$10,000**

Assumptions:

- According to the Fire Prevention Division of the Department of Commerce and Insurance, there are over 400 VFDs in Tennessee.
- Average number of fundraising events per year per VFD is three (3).
- Average sales are \$400 per event.
- Taxable sales for all events are estimated at \$480,000 (400 VFDs X 3 annual events X \$400 in taxable sales = \$480,000)
- Decrease of state revenue is estimated as exceeds \$30,000 (\$480,000 in taxable sales X 7% state rate = \$33,600).
- Decrease of local government revenue is estimated as exceeds \$10,000 (\$480,000 taxable sales X 2.25% local option rate = \$10,800).

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director